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THE EFFECT OF DIGITAL LIFESTYLE AND FINANCIAL SELF EFFICIACY ON GENERATION Z INVESTMENT DECISIONS

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Abstract

This study aims to determine the effect of digital lifestyle and financial self-efficacy on generation Z's investment decisions in Indonesia. The method used is a quantitative approach with an associative research type. The sample was taken using purposive sampling technique with the criteria that generation Z is digitally active and has investment experience, both digital and non-digital. The number of respondents was 96 people. The regression analysis results show that both digital lifestyle and financial self-efficacy have a positive and significant effect on investment decisions. The F value of 175.551 and the significance of 0.000 indicate that both independent variables simultaneously influence investment decisions. The findings suggest that digital engagement and financial self-efficacy are important factors in shaping Generation Z's investment behavior.

Keywords: Financial Digital, Financial Slef Efficiacy, Investment Decisions, Generation Z

INTRODUCTION

Development of digital technology has brought about major changes in the way people manage their finances and make investment decisions, especially among Generation Z, better known as Gen Z. This generation has grown up with rapid technological developments, resulting in a lifestyle that is closely linked to digital devices, financial applications, and social media. Access to financial information has become faster and more diverse, but this has not been accompanied by the ability to manage risk and make the right investment decisions.

The rapid development of technology has brought changes to all aspects of life, including daily human activities and interactions, giving rise to a new pattern known as the digital lifestyle. The digital lifestyle reflects how a person interacts with their environment, as depicted through activities, interests, and opinions supported by technology (Liantifa & Siswadhi, 2022). The digital lifestyle is a way of life that heavily relies on digital technology to carry out daily activities, including the use of devices such as smartphones, computers, and technology-based applications for various purposes, ranging from communication, work, education, shopping, to financial activities like investing. Digital lifestyle is gradually influencing the investment behavior of Generation Z, who tend to choose digital platforms that are practical, transparent, and user-friendly. They prioritize information that can be accessed directly as the basis for developing strategies and determining the type of investments they desire.

In addition to digital lifestyle, financial self-efficacy plays an important role in Generation Z's investment decisions by enhancing their ability to make investment decisions. Financial self-efficacy is the belief that individuals have in determining their goals, in this case, their finances (Anah et al., 2023). The higher a person's level of financial self-efficacy, the more likely they are, in this case Generation Z, to take the decision to invest.

Generation Z typically invests through media or platforms such as Bibit or Stockbit. In addition to investing through online platforms, Generation Z is also interested in non-digital investments such as gold or property, which are considered part of a strategy to achieve long-term financial goals. This phenomenon highlights the changing financial behavior of Generation Z, who not only understand technology but are also aware of the importance of financial planning for the future. Although Generation Z grew up with technology, they are beginning to show a pattern of investment diversification, both in digital and non-digital (physical) forms.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

The Influence of Digital Lifestyle on Investment Decisions of Generation Z

Digital lifestyle refers to patterns of behavior and habits formed through interaction with digital technology and social media (Kiko, 2025). Digital lifestyle reflects a person's overall interaction with their environment as reflected through various activities, interests, and technological support (Liantifa & Siswadhi, 2022). Investment decisions are an important aspect of financial and investment asset management. Individuals who have experienced losses from previous investment decisions tend to face a dilemma between accepting certain losses or choosing to take further risks by adding funds in the hope of future gains (Wirawan Widjanarko et al., 2023). Generation Z investment decisions refer to the selection of investment types made by individuals in that age group based on their goals, knowledge, and financial situations (Taufiq & Purwanto, 2023). Based on research by (Nurhayati & Harianti, 2023) and (Darussalam et al., 2025), which states that lifestyle influences investment decisions. Based on previous theories and research, the hypothesis is

H1: Lifestyle influences Generation Z's investment decisions.

The Influence of Financial Self-Efficacy on Investment Decisionsof Generation Z

Financial self-efficacy is an individual's belief in their ability to do something related to finance (Magdalena et al., 2023). To increase the effectiveness of financial self-efficacy in encouraging interest in investing, a person needs to have good self-awareness in avoiding the use of debt, obligations, or similar burdens that will contribute to expenses and financial conditions (Vici & Nuryasman, 2022). Someone who has experienced losses from previous investment decisions tends to face a dilemma between accepting certain losses or choosing to take further risks by adding funds in the hope of obtaining profits in the future (Wirawan Widjanarko et al., 2023). Generation Z investment decisions refer to the act of choosing the type of investment made by individuals in that age group based on their goals, knowledge, and financial situation (Taufiq & Purwanto, 2023).

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Based on research from (Djou & Lukiastuti, 2021); (Perumandla, 2023); and (Yamani & Munir, 2023), there is a positive influence between financial self-efficacy and investment decisions. Based on previous theories and research, the research hypothesis is:

H2: Financial self-efficacy influences the investment decisions of Generation Z.

The Influence of Digital Lifestyle and Financial Self-Efficacy on Generation Z's Investment Decisions

Digital lifestyle refers to patterns of behavior and habits formed through interaction with digital technology and social media (Kiko, 2025). Digital lifestyle reflects a person's overall interaction with their environment as reflected through various activities, interests, and technological support (Liantifa & Siswadhi, 2022).

Financial self-efficacy is an individual's belief in their ability to do something related to finance (Magdalena et al., 2023). To increase the effectiveness of financial self-efficacy in encouraging interest in investing, a person needs to have good self-awareness in avoiding the use of debt, obligations, or similar burdens that will contribute to expenses and financial conditions (Vici & Nuryasman, 2022).

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Based on research by (Darussalam et al., 2025) and (Yamani & Munir, 2023), it is stated that Digital Lifestyle and Financial Self-Efficacy Influence Generation Z' Investment Decisions. Based on theory and previous research, the hypothesis is

H3: Digital Lifestyle and Finanacial Self Efficiacy Affect Generation Z Investment Decisions

RESEARCH METHODS

This research uses associative research with a quantitative approach. The population in this study is all generation Z in Indonesia, namely individuals born in 1997 to 2011. The sampling technique was carried out using purposive sampling, namely the selection of samples based on the specified criteria. The sample criteria in this study are:

1. Generation Z (18 - 28 years old in 2025)
2. Have done or are doing investment activities in both digital and non-digital forms.
3. Actively use the internet and social media
4. Have basic knowledge of personal finance.

The sample size calculation uses the Lemeshow formula with an error rate of 10%. Based on this formula, the number of samples used was 96 respondents. The data collection technique uses primary data collected through distributing questionnaires online using Google form. The data that has been collected will be analyzed using quantitative analysis with the help of the SPSS software ranking application.

RESULTS AND DISCUSSION

RESULTS

Respondent Characteristic Based on Age

The following below is a graph of respondents based on age

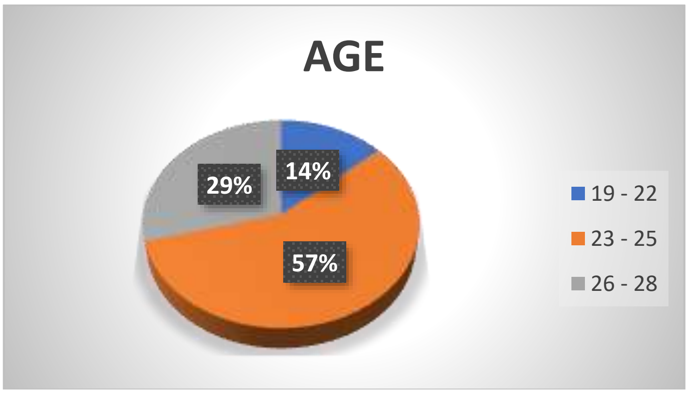

Figure 1. Respondent Characteristic Based on Age

Based on the age distribution chart, the most respondents are from the 23-25 years age group as many as 57 people, indicating high investment interest in young adulthood. Respondents aged 26-28 years accounted for 29%, indicating a fairly active involvement in investing. Meanwhile, 19-22 year olds accounted for the least, only 14%, possibly because they are still in the education phase and not yet financially stable. This reflects that investment decisions are predominantly made by generation Z at the age of 23-28.

Partial Test Results (T-Test)

The following are the results of the t-test in this study

Table 1. Partial Test (T-Test)

Coefficients[a]					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.136	.857		1.325	.188
Digital Lifestyle	.151	.043	.306	3.525	.001
FinancialSelf Efficiacy	.364	.051	.617	7.112	.000
a. Dependent Variable: Investment Decision					

Based on the results of the regression analysis, it is found that both independent variables, namely digital lifestyle and financial self-efficacy, have a positive and significant influence on investment decisions in generation Z in Indonesia. The digital lifestyle variable shows a coefficient value of 0.151 with a significance level of 0.001, which means that the higher the involvement of a person (Generation Z) in digital activities such as the use of technology, financial applications and digital media, the greater the tendency to make decisions to invest, both digitally and non-digitally. Meanwhile, financial self-efficacy has a stronger influence, with a coefficient of 0.364 and a significance of 0.000. This shows that the higher the level of individual confidence, in this case Generation Z, in their ability to manage and make financial decisions, the higher their ability to make investment choices. Thus, these results indicate that strengthening digital literacy and increasing confidence in financial management are important factors in encouraging investment participation among Generation Z.

Simultaneous Test Results (Test F)

The following are the results of the t-test in this study:

Table 2. Simultaneous Test Results (Test F)

ANOVA[a]					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	990.213	2	495.106	175.551	.000[b]
Residual	262.287	93	2.820		
Total	1252.500	95			
a. Dependent Variable: Investment Decision					
b. Predictors: (Constant), Financial Self Efficiacy, Digital Lifestyle					

Based on the ANOVA test results, the F value of 175.551 with a significance of 0.000 indicates that the regression model involving digital lifestyle and financial self-efficacy together has a significant effect on investment decisions. This means that the two independent variables are simultaneously able to explain the variation that occurs in the dependent variable (investment decision) well.

Determination Coeefficient Test Results

The following are the results of the determinan coefficients in this study:

Table 3. Determination Coeefficient

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.889[a]	.791	.786	1.67937

a. Predictors: (Constant), Financial Self Efficiacy, Digital Lifestyle

Based on the Model Summary results, the R value of 0.889 shows a very strong relationship between digital lifestyle and financial self-efficacy on investment decisions. The R Square value of 0.791 means that 79.1% of investment decision variables can be explained by these two variables, while the rest is influenced by other factors. The Adjusted R Square value of 0.786 confirms that the model remains accurate, and the Standard Error of 1.679 indicates an acceptable level of prediction error.

DISCUSSION

The Influence of Digital Lifestyle on Investment Decisions of Generation Z

The regression analysis results show that digital lifestyle has a positive and significant influence on generation Z's investment decisions, with a coefficient value of 0.3525 and a significance of 0.001. This shows that the higher the intensity of generation Z in digital activities-such as the use of social media, financial applications, and access to investment information-the greater their tendency to make investment decisions. The digital lifestyle shapes the financial behavior pattern of Generation Z, which is more independent, responsive to investment opportunities, and open to various types of instruments, both digital and non-digital. Exposure to technology and real-time information is an important factor driving their increased participation in the investment world. The results of this study are in line with(Nurhayati & Harianti, 2023) and (Darussalam et al., 2025) those stating that digital lifestyle has a positive and significant effect on investment decisions.

The Influence of Financial Self Efficiacy on Investment Decisions of Generation Z

The regression analysis results show that the financial self-efficacy variable has a t-value of 0.7112 with a significance level of 0.000, which means that its effect on generation Z's investment decisions is positive and statistically significant. The very small significance value ($p < 0.05$) indicates that individual beliefs in the ability to manage finances play an important role in determining investment decisions. Financial self-efficacy reflects the extent to which a person is confident in managing personal finances, making financial plans, controlling spending, and making rational economic decisions. For Generation Z, this confidence is a major factor in encouraging them to start or continue investing, both in digital and non-digital forms.Generation Z with a high level of financial self-efficacy tends to be more courageous in making investment decisions because they feel able to assess risks and benefits, and have a more planned financial strategy. Therefore, increasing financial self-efficacy among Generation Z can be an important strategy in expanding their participation in investment activities. This research is in line with the research of (Djou & Lukiastuti, 2021); (Perumandla, 2023); and (Yamani & Munir, 2023), those who say that financial self-efficiacy has a positive and significant effect on investment decisions of the Z generation.

The Influence of Digital Lifestyle and Financial Self Efficiacy on Investment Decisions of Generation Z

The results of the ANOVA test analysis show that the digital lifestyle and financial self-efficacy variables simultaneously have a significant effect on generation Z investment decisions, with an F value of 175.551 and a significance level of 0.000 ($p < 0.05$). The high F value and very small significance indicate that the regression model used in this study is valid and able to explain the effect of the two independent variables together on the dependent variable. This means that both digital lifestyle and financial self-efficacy together play an important role in shaping Generation Z's investment decisions. Digital lifestyles provide easy access to information and technology that support the investment process, while financial self-efficacy reflects an individual's confidence in managing and planning their finances. The combination of digital engagement and financial self-efficacy allows Generation Z to be more prepared, aware and active in making investment decisions, both digital and non-digital. As such, these two factors are key determinants in driving investment participation among the younger generation.

CONCLUSION

Based on the results of the study, it can be concluded that digital lifestyle and financial self-efficacy have a positive and significant effect on the investment decisions of generation Z in Indonesia. The digital lifestyle encourages generation Z to be more active in accessing financial information and using digital platforms, while financial self-efficacy strengthens their confidence in managing and investing their finances independently. This study suggests that future researchers are advised to explore other variables such as financial literacy, social influence, and the role of digital influencers in shaping generation Z's investment decisions with broader methods and coverage of respondents. This study has theoretical and practical implications. Theoretically, the findings reinforce that digital lifestyle and financial self-efficacy play an important role in shaping Generation Z's investment decisions, while enriching the literature on the financial behavior of the younger generation in the digital era. Practically, these results can serve as a reference for financial institutions, platform developers, and educational institutions in designing digital-based financial education that suits the characteristics of generation Z, to encourage their involvement in early investment.

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